

US Politics & Policy**Trump has cut less red tape than his rhetoric suggests**

His deregulatory agenda is hemmed in by legal constraints and the federal bureaucracy



Donald Trump claimed in his Davos speech that his administration had 'cut 22 burdensome regulations for every one new rule' © FT montage; Epa/Dreamstime
Barney Jopson in Washington JANUARY 29, 2018

Donald Trump told a Davos audience last week that a signature achievement of his first year was a slash-and-burn offensive against Obama-era red tape. But he has eliminated fewer regulations than his administration's rhetoric suggests.

As the US president urged business to "come to America", he told corporate leaders: "We have undertaken the most extensive regulatory reduction ever conceived." The looseness of such claims, experts say, makes them hard to test.

But Mr Trump's administration and his appointees have not orchestrated anything resembling, for example, the overnight deregulation of London's financial markets in 1986. Instead of a "big bang" Mr Trump is presiding over a slow crawl.

The clearest win so far is arguably the Federal Communications Commission's move to sweep away the 2015 net neutrality rules that required broadband companies to treat all internet traffic equally, a big victory for the likes of AT&T and Comcast.

But similar cases of an active regulation being stripped clean off the books are few. From banking to the environment to labour rules, the administration has been hemmed in by legal constraints and the federal bureaucracy.

Andrew Wetzler, who leads a regulation working group at the Natural Resources Defense Council, which opposes the Trump administration's pro-fossil fuel agenda, says the threat it poses to the environment is so far largely unrealised.

A lot of the crowing about the regulatory rollback is puffery

Andrew Wetzler, Natural Resources
Defense Council

"On the one hand it's certainly true that the administration has initiated or talked about or started an enormous roll back in the safeguards that protect our environment. The scope of their ambition and even the number of actions they've initiated are frightening," he says.

"On the other hand, very few of these have been completed. A lot of the crowing about the regulatory rollback is puffery. It's often based on the announcement. They're going to do something or it's the beginning of a long process."

The White House boasts that it is "reconsidering" 1,579 regulations. But Philip Wallach, senior fellow at the R Street Institute, a think-tank, says that number includes many nascent ideas from bureaucrats that were unlikely to ever be enacted. A more meaningful figure is the number of deregulatory steps that have been taken: 67.

Mr Trump gave a nod to that figure in his Davos speech. Taken with the three regulatory actions his team has taken, it enabled him to claim that "we have cut 22 burdensome regulations for every one new rule". But a completed deregulatory step can be the publication of a proposal, which is rather less final than the demise of a rule. Some steps are also vulnerable to being challenged in the courts.

Austin Drukker, researcher at the Brookings Institution, says the count of Obama-era rules that were in force and have now been repealed is just five. In addition to net

neutrality, the scrapped regulations include a Department of the Interior rule that restricted fracking on federal land.

Kevin Hassett, chairman of Mr Trump's Council of Economic Advisers, argues that the end of the Obama wave of new regulation is enough to create a better environment for business. He says the "change in that regulatory environment is the best explanation" for why business sentiment was surging even before the passage of tax cuts in December.

According to a database run by the American Action Forum, a right-leaning think-tank, deregulatory efforts in 2017 nonetheless saved US businesses and workers 15.6m paperwork hours.

The Trump administration scored early wins with a little-used law known as the Congressional Review Act, which allowed it to eliminate 15 new rules from the tail-end of the Obama administration before they came into effect.

They included one clarifying that employers have a duty to maintain records of work-related injuries, and another, written by the Securities and Exchange Commission, requiring oil companies to disclose payments made to governments.

Other moves have come with a fanfare that exaggerated their immediate impact. The Environmental Protection Agency is intent on abolishing Mr Obama's Clean Power Plan, which curbs carbon emissions from the power sector, but it has not yet done so; instead it has begun the byzantine process of repealing it and started work on the development of a replacement.

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Randal Quarles, the Federal Reserve's Trump-appointed regulatory chief

"It's not outright deregulation," said a senior EPA official. "It is regulatory reforms. It is improvements. These are rules that had significant flaws."

Mick Mulvaney, the acting head of the Consumer Financial Protection Bureau, a regulator, has put a temporary freeze on new regulations and initiated a series of requests for comment on its work, but the closest he has got

to scrapping a regulation is announcing he will "reconsider" a rule on payday lending.

Randal Quarles, the Federal Reserve's Trump-appointed regulatory chief, said in a speech this month that he wanted to go further in bringing transparency to bank stress tests and streamlining capital rules. He added that while "some clear improvements are in the offing" others required longer-term debate.

Laws governing how rules are written mitigate against bonfires of red tape, said Patrick Hedren, vice-president at the National Association of Manufacturers, a lobby group that backs the Trump administration's efforts.

"People have viewed deregulation as an on and off switch, and there are a couple of things you can do that are like on and off, such as the Congressional Review Act. But by and large deregulation happens through a process of regulation," he said. "You have to do a rulemaking to change the rules, whether you are adding or subtracting."

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